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AGRICULTURAL SITUATION REVIEW

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SPEAKING TIME: 10 Minutes

ANNOUNCEMENT: The past month has seen considerable change in the business situation of farming in the United States. Therefore we are unusually interested in the monthly review of the agricultural situation prepared for Station \_\_\_\_\_ by the United States Department of Agriculture.

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Summing up the developments in the farming business generally, the Department reports that crops are making fair progress and markets are developing some strength. The highlights of crop progress and market trends reported by the Department are as follows:

Although winter wheat has threshed out a short crop and the fruit prospect is considerably smaller than last year, the important food, feed, and fiber crops now promise to turn out a fairly ample supply. The crop picture varies in local areas as a result of weather conditions. Corn and late-sown spring wheat in portions of the West have suffered from the heat waves and some bad weather effects are reported from the eastern Cotton Belt. The general hay crop is better than last year and better than it was expected to be six weeks ago but it is scarcely up to average. Alfalfa, however, is a good crop.

Wheat harvest is now going forward in the North. Most of the early-sown spring wheat which has so far been threshed has turned out good yields and grain of high quality. Various late-sown wheat, however, has sustained some damage from hot winds so that a portion of the crop is still an unknown quantity. The crop in Canada is reported to be in a favorable condition and to promise a materially larger production than last year. The shortage in our hard winter wheat crop is having some effect in maintaining substantial protein premiums in the mid-country markets.

The Farm price index advanced 5 points from June 15 to July 15, the biggest gain since 1929.

The notable market development of recent weeks was the rise in hog and cattle prices, although hog prices usually show some seasonal rise in the summer. Prices had fallen so low around June 1 that farmers were not disposed to ship their hogs, where they were in position to hold them. In the western part of the Corn Belt where feed was scarce, farmers had already disposed of most of their hogs. Consequently, by the last week of June, slaughter supplies were nearly one-half less than for the previous month and fully a fourth less than in the same week of 1931. Cattle receipts also declined and prices of both hogs and cattle rose.





The market advance was not fully sustained, but the average for the month was considerably above the previous month. If some part of this rise in hog prices should be sustained through the coming year, it would be of tremendous benefit to the Corn Belt. Whether the Corn Belt can sell its real volume of new pork at some price advantage remains to be seen, even with a spring pig crop about 10 per cent less than last spring. The preliminary report on wool shorn this spring shows a decline of 7.3 per cent or 27 million pounds less than for last year. The lamb crop was about 8 per cent smaller.

In general production of animals is showing a tendency to decline somewhat. Stocks and surpluses are being reduced and the markets show a greater firmness than has been noticeable for some months.

Well, there we have a general view of the agricultural situation. Now a more detailed picture of the pig crop statistics. The Department of Agriculture estimates the spring pig crop at 50 million head. This was 7 per cent smaller than last year's spring pig crop. The decrease in the spring pig crop this year was due to the sharp decrease in the western part of the Corn Belt and in the Far Western States. In both sections, the drought of 1931 hit hard and cut down the feed crops.

In all sections but these two more sows were farrowed than last year. But everywhere fewer pigs were saved per litter, mainly because of the severe weather in March.

June 1 reports from farmers as to their intentions to breed sows for fall farrowing indicate that slightly more sows will be farrowed this fall than last fall. The increase in fall farrowings will be general outside the Western Corn Belt and the Far West.

Looking still further ahead, the livestock statisticians say that if this fall's crops of feeds are as big as now indicated, or, if they are only average, the situation will be very favorable for an unusually large increase in Corn Belt hog production in 1933 -- an increase similar to the one that occurred in 1922 when conditions were similar.

European hog production is declining somewhat. But while the outlet for American hog products in 1933 may be somewhat larger than this year because Europe will be producing fewer hogs, the market analysts see little likelihood that conditions will be as favorable for a large export movement as were conditions of 1923 and 1924.

So much for the business situation of hog growers. Cattle feeders lately have seen an encouraging advance in the prices for their product. Of course, prices for the better grades of steers ordinarily advance during the summer months. But this summer the price rise got underway somewhat earlier than last and the advance to late July was greater than average. As we said in the general review of farm business conditions, feeders have been sending few finished cattle to market. And they are not expected to send many to market the rest of the summer, for the cattle aren't in the feed lots this year.

A significant fact shows up in the statistics of cattle slaughter for the first half of 1932. Fewer cows were slaughtered in proportion to the total slaughter than in any corresponding six months in the past 10 years. Cattle numbers are now increasing in consequence of the withholding of cow stock from slaughter. Unless the slaughter of grass-fat cattle this fall increases over





the extremely small slaughter of last fall, cattle numbers will be larger at the beginning of 1933 than they were at the beginning of 1932.

The wheat grower faces a world situation at the start of this new crop year a little more cheering than last year's prospect. The main item of cheer is that the heavy surpluses are slowly being cleared away. The carryover is a little smaller than last year's record supply. But the estimates of crop production this year point to a wheat crop about the same as last year's in the Northern hemisphere. And reduced purchasing power and governmental restrictions on movement of wheat into importing countries are curtailing demand.

Nevertheless, the condition of oversupply is slowly being corrected. The statisticians look for world wheat acreage to continue about the same in the year of the near future. They look for consumption to increase gradually as the business depression lifts. Under such conditions they foresee a reduction of the wheat carryover to normal size--but not in less than three or four years--barring of course, a very short world crop in some years.

So much for the livestock and grain growers' situation. Fruit and vegetable growers have been contending with low prices during the past month. This in spite of the fact that the volume of their products moving to market was considerably smaller than last year at the same season. Late in July the total carlot movement of 36 important fruits and vegetables was averaging 3,000 cars daily, or one-fourth less than at the same time last year.

The July crop reports gave the first indication of the supplies of fruits and vegetables likely for late summer and fall. These reports indicated considerable increase in production this year of potatoes, sweet potatoes, and grapes but material decreases in production of apples, peaches, and pears.

The dairy situation is summed up as follows by the Department's dairy market analyst:

"A slightly firmer tone prevailed in the dairy markets early in the month, but this has not been fully maintained and as July draws to a close markets are somewhat unsettled. Sentiment as to the general condition of the market is divided at the moment. One viewpoint is that the unusually hot weather in many important dairy sections will cut down production and that present price levels are so low that dairy markets will strengthen. Others point to an unsatisfactory movement of dairy products into consumption even at low prices and the possibility that if prices should advance this would serve to cut down the quantities which are entering consumption. But farmers are going right ahead regardless of market sentiment, capitalizing dairying as one means of cash income."

The egg market analyst feels that the statistical position of the market contains some encouraging features. The egg trade looks for the peak of storage holdings of eggs this year to be the lowest since 1916. But offsetting this favorable fact is the fact that receipts of fresh eggs at the markets have not declined as much as usual in late July. Prices for eggs in the near future are likely to depend mainly on what the holders of storage eggs do with their stocks. If these owners decide to sell when prices reach a point to permit moderate profit rather than to refuse to sell in the hope of larger profits later in the year, egg prices should hold in a relatively narrow range.

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